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CENTRAL PURCHASING AUTHORITY IN ZIMBABWE

GENERAL REPORT

SUBMITTED TO

THE MINISTRY OF NATIONAL SUPPLIES

INTRODUCTION

It has to be accepted and emphasized that the basic approach and the decision to set up a Central Purchasing Authority under the Ministry of National Supplies rests with the appropriate authorities of the Government of Zimbabwe.

Within this premise the recommendations to define possible organization, functions and all allied activities (expected and suggested) have been formulated.

To reinforce the hands of the authorities concerned and from experience the necessity, reasons and requirements to set up a Central Purchasing Agency, have been elaborated.

Based on all the above mentioned parameters details of Methods and Systems have been suggested for adoption and writing of detailed procedures.

For policy guidelines for the integrated activities and functioning of the Central Purchasing Authority a GUIDE has been prepared. If accepted and approved by the appropriate authorities this GUIDE can be the basis for induction training and development and for planning and procedures, where required, in phases.

RECOMMENDATIONS

Central Purchasing Authority (as and when set up) under the overall control of the Ministry of National Supplies is a public body and as such it must be seen to follow certain regular policy, guidelines, methods and systems in the field of procurement and supplies which must constitute a good portion of the Government grants and revenues allocated to various departments/ministries.

To a great extent these policy guidelines are already formulated and laid down on an overall Governmental level and as such the recommendations have to be considered and adopted as required, in these broad parameters. Nevertheless there is a considerable scope for improvement in all phases and aspects of Procurement and supply function and these improvements can and should be effected, even in phases within the overall policy guidelines.

OBJECTIVES

To ensure that the objectives set in an overall manner, individually and collectively, by various departments/ministries are timely and economically fulfilled there has to be a centralized control on the provision, supply, availability and utilization of a variety of programme materials, machinery, equipment, spare parts, accesories and items of general use which naturally constitute the major portion of the overall expenditure incurred by any organization.

CONTROL

This control is exercised by ensuring that there is a central agency for the overall functioning and control of all aspects of procurement and supply (sometimes also termed as Materials Management) for timely purchasing and provisioning of all requirements to run and maintain operations with a view to achieving the planned objectives in an economical manner.

CENTRAL PRUCHASING AUTHORITY

The Agency for this specialised effort is the Central Purchasing Authority as an integral and important part of the Ministry of National Supplies, supported by its operational and service wings.

At present the Central Pruchasing Authority does not exist as such and only the Central Tenders Board functions in a rather routine fashion. Further, the purchasing and supplies activities are proliferated over a number of bodies with hardly any emphasis on future planning, standardization efforts and indigeneous development.

Enclosed is an organization chart of the proposed CENTRAL PURCHASING AUTHORITY, showing the functional aspects of all its activities as envisaged at present. It goes without saying that based on the acceptance of the functional aspects, the relationship organization chart, sharing the relative positions in line with the current and existing Government structure can be drawn. This also helps in the broadening development and acceptance of more and extended responsibilities phase by phase.

It is pointed out that the Designations Director General and his deputies as such, are suggested in line with the current and accepted pattern existing in similar organizations and environments.

FUNCTIONS AND RESPONSIBILITIES

NECESSITY

Before the functions and responsibilities of an organization can be defined and laid down evaluation of the necessity of the very existence of the organization concerned has to be examined. In this context the formation and creation of a Central Purchasing Agency can be justified on the following factors :

- Volume of Purchasing : A central purchasing authority combines the requirements of all agencies and can get all the possible advantages of volume purchasing such as better prices, discounts and purchase terms, as well as more attention and cooperation from suppliers.

- Quality Control: Quality control, organization, procedures and facilities can be more easily developed and justified when all requirements are purchased collectively rather than by various buying agencies, from various sources and under various conditions.

- Standardization : In a central purchasing authority when all requirements are combined it is easier to identify and establish where the standardization of materials would offer advantages to the Government procurement and contribute towards adaptation of national standards covering the nation as a whole.

- Quantity Control: A more effective inventory control can be exercised. Additionally the emergency shortages of materials and accessories in one user department may be balanced with overages in others. The combined common items utilized and consumed by various user departments can be dept at lower and more economical levels than would prevail if all users acted separately thereby conserving funds which are always in short supply in a developing complex.

- Policies, Procedures and Manuals : Supply and Purchasing management policies, procedures, practices, forms and records can, in a central authority, be more readily organized in clear manuals of instruction for use throughout the organization. This would not only expendite day to day operations but would also facilitate the training, transfer ability and productivity of staff.

- Specialized Staff: A centralized authority offers greater skills in each of the specialised aspects of supply and Purchasing Management. Since the activities of Supply and Purchasing Management are overlapping and dovetail into each other an integrated and coordinated development of staff is ensured. This in turn can result in the development of an attractive career structure within the Central Purchasing Authority.

- Indegeneous Development and Import Substitution : Considering the overall necessity and requirements covering various user Departments central and vigorous efforts, if required in a phased manner, can be made to develop indigeneous sources of supply for items hitherto imported by offering financial and technological guidance in the national interest, in collaboration with other agencies like SEDCO, Ministry of Industry and Commerce, etc. In the same context where feasible "MAKE" or "BUY" decisions can also be taken depending upon the items of materials and quantities required.

The basic and primary functions and responsibilities of the Central Purchasing Authority can be summarized as follows :

- To obtain the materials and supplies in the required quantity at the lowest overall cost at the proper time to meet continuous production operational and other programmes and requirements.

- To keep the inventories and stores stock at optimum levels consistent with the market conditions, availability of supplies, important regulations and other related factors.

- Forecast market and economic conditions of supply and availability of materials.

- Develop and maintain ethical and good relations with existing and pottential suppliers for finding and developing new materials.

- Endeavour to develop indigenous sources of supply for effective import substitution of materials and equipment hitherto imported.

- Advise and assist in the make or buy decisions of the user departments.

- Maintenance of proper and adequate records of stock and issue of materials.

In defining and establishing these functions and responsibilities of the Central Purchasing Authority it has to be emphasized that only this Authority is permitted and required to purchase materials and equipment but this can be acheived only with the ready cooperation of all user departments.

Top management support is also essential for the efficient and smooth functioning of the Central Purchasing Authority since this Authority's duties are sometimes in conflict with the individual immediate interests of the user department.

The duties, responsibilities and functions of the Central Purchasing Authorities must be performed by a well selected and well trained staff who have acquired special administrative and technical knowledge in business systems and methods that seek to apply the latest techniques as adapted and applied to local environments and requirements.

The training and development of the staff of the Central Purchasing Authority is a continuous affair. So is the monitoring and updating of the systems and procedures in the integrated workin of the Authority.

GUIDE

For quick reference, adaptation and use a brief guide on the organization and functions of the Central Purchasing Authority has been prepared. It is presented in a booklet form and is enclosed as a part of this report.

It is to be emphasized that this guide is only a preliminary document to be seen and approved by appropriate levels of authority as a policy and further procedures are to be prepared and processed in a simple yet detailed manner within the broad parameters of the accepted integrated function division by division, section by section. It goes without saying that the procedures also must conform to the broad policy guidelines already laid down by higher Government authorities and followed by the Ministry of National Supplies.

At the same time it is also to be emphasized that it is the responsibility and basic duty of the Central Purchasing Authority to bring to the notice of the superior authorities for consideration and due approval any possible and desired modifications in the policy guidelines in view of development, improvements of latest systems and methods, any changed environments and in the overall interests of efficiency of operations in achieving goals and objectives laid down by Government authorities.

Some of the recommendations that follow in this report follow this approach.

PURCHASING

There are two aspects of purchasing :

- Purchasing Planning i.e. getting ready for Purchasing action; and
- Actual Purchasing action culminating in placing of a Purchasing order.

Activities around Purchasing Planning commence long long before actual requirements of materials and equipment are established and a purchasing requisition duly completed in all respects and duly authorized for commitment of relevant expenditure is received in the Purchasing Department or Purchasing Authority.

As a matter of fact as soon as a new organization is authorized to be established the person(s) placed in charge of Purchasing Activities commence coordination activities with other departments to find the details e.g. various types of commodities, possible quantities, specifications, etc. and start market research about possible and economic sources of supply and utilize this accumulated information to the best possible advantage as soon as definite requirement for materials use is conveyed to the Central Purchasing Authority.

Sources of Supply

List of Approved Suppliers

It is recommended that a commodity-wise list/register of approved suppliers be maintained and reviewed from time to time on the following lines :

- evaluation of existing known suppliers based on their past and continued satisfactory performance
- reference to other public and private sector enterprises
- by press advertisements and invitation whenever this need is felt for
  - i) certain commodities/new materials
  - ii) ascertaining and elarging the scope of competitive prices, services and deliveries.

The approval of a Particular Party

While selecting new suppliers and putting them on the approved list a comprehensive study in each case will be made and following factors considered:

a. whether Manufacturer, Agent, Stockist or Dealer
b. If Manufacturer, details of manufacturing capacity, range of manufacturing activity, specification of items manufactured, etc.
c. Methods of inspection, tests adopted by Manufacturer for quality control
d. Financial standing
e. After sales service facilities
f. Stocks of materials generally held in own store
g. Overall volume of business andother parties with whom sales/dealings have been established

h. Overall business reputation

i. Income Tax clearance Certificate - if required

j. Sales Tax Registration, if required.

The evaluation/visits to the parties and prospective suppliers should be conducted by a team of officers consisting of

- a Purchasing Officer
- an Officer from Finance Department
- an Officer from a Technical Department, coopted as and when required.

Based upon the report prepared by the abovementioned team the Director-General Central Purchasing Authority should be the final authority to accept the registration of the supplier or otherwise.

IMPORTED MATERIALS / FOREIGN SUPPLIERS

Efforts must be made to build up as much information as possible on the sources of supply and availability of materials from sources outside Zimbabwe or their official agents in Zimbabwe.

A commodity-wise list should be maintained and updated on the lines given above. However it is to be appreciated that the number of enquiries and response thereto may not be as many as expected for locally available materials.

METHODS FOR PURCHASE

All pre-purchasing formalities including checking of Materials requisitions must be completed within a maximum period of seven days.

The philosophy behind making a good purchase decision covering price (or eventual cost at the time of delivery), delivery terms, specifications required, etc. rests upon :

- getting a comparison from and of various sources of supply
- a fair deal to both the buyer and the seller
- ethnical accepted systems and practices.

Based upon the above philosophy the methods for pruchasing and recommended for adoption are detailed below :

Tenders/Enquiries

Cash Purchases for items below Z$100 at any time a regular enquiry need not be issued. Such items may be obtained on cash payment subject to the normal approval of the officer/supervisor of the pruchasing section concerned.

Reimbursements to cover such purchases from a duly authorized Imprest Cash holding in the Purchase Department will be controlled by normal delegated financial authorities to Purchasing Department staff.

Telephonic Quotations Purchases up to Z$500 can be finalised by obtaining quotations from Regisgered/Approved suppliers only and these quotations should be duly recorded by the staff concerned. A minimum of three quotations must be invited and the decision to place orders will be taken by a team of two Purchase Department officers/supervisors.

Written enquiries/tenders must be invited for all purchases estimated over Z$500.

Generally the purchases will be made by any of the following methods :

Limited Tenders
Open or Advertisement Tender
Repeat Orders

Limited Tender

Where the sources of supply are known and parties duly included in the approved list of suppliers the enquiries will be limited to such parties. However, where there are large numbers of registered parties enquires may be restricted to up to ten most suitable parties, keeping in view the past performance, delivery and other considerations as well as need for rotation among the listed parries.

Open or Advertisement Tenders

Press tenders may be issued in case of pruchases where the sources of supply are not well-known and/or press advertisement is essential for development of additional sources of supply or for a wider competition.

Single Tender

No purchase shall be made on a single tender basis except in the circumstances prescribed hereunder :

i) Where the material to be purchases is of a proprietory brand and there is no other party manufacturing materials of the same or of equivalent specification, single tender purchases will be permitted in exceptional cases, where there is strong justification which will be recorded in writing, it will be permissible to procure standardized brand of items on single tender basis.

ii) The Central Purchasing Authority shall satisfy themselves that items proposed as proprietory purchases are infact of proprietory nature and there are no alternative sources of supply. Where required, a certificate to this effect will be obtained from the User/Sponsoring Department.

iii) Spares for a particular brand of equipments, which can only be obtained from a single source shall be classified as proprietory items.

iv) Purchases from other public sector undertakings can be made on single tender basis provided that the reates are competitive.

v) Petty cash purchases within limits prescribed under the delegation of powers can be made on single quotation basis without call or competitive bids.

vi) Where a single offer is received in response to a regular enquiry floated to a number of parties, such offer will not be classified as single tender. However, acceptance of such offers will be decided by the next higher suthority than the authority under whose powers such acceptance normally falls.

vii) When there is no response to a full fledged enquiry floated to an adequate number of parties, it will be permissible to procure materials on a single tender basis subject to negotiations, if so required.

viii) In cases of indigenous development and items for import substitution negotiations with and invitation to a single party specialising in the field/commodity concerned will be permissible. However the decision for the approval and acceptance of the quotation so finalised will rest with appropriate level of the tender acceptance committee.

Repeat Orders

Where the same material has been purchased before, repeat orders may be placed provided the following conditins are satisfied and so recorded :

i) That the original order against which repeat order is being considered was not placed earlier than six months.

ii) That the quantity proposed to be purchased is less than or about the same as originally ordered.

iii) That there has been no reduction in the rates of similar materials since the original order was placed.

iv) The original order was placed as a result of a regular enquiry.

Annual Orders

Annual call-off orders should not be confused with repeat orders. Annual orders will be subjected the usual limitations of tenders/enquiries and acceptance by constituted committees of appropriated levels.

Tenders Boxes

All tenders received by mail or by hand should be segretated and safely and securely placed in individual places duly earmarked for that Tender in a Tender Box duly locked and kept in the room of a designated senior officer of the Central Purchasing Authority.

Opening of Tenders

On the date/time the tenders will be opened by a designated team consisting of

- A Purchasing officer
- A Finance/Audit officer

The tenders so opened will be

a) duly numbered and initialled by both officers opening them

b) entered and entries initialled by both officers in the file copy of the tender invitation which record will be preserved as supporting documentation to the placement of purchase orders.

c) Entered in a Tender register and entries initialled by

c) Entered in a Tender register and entries initialled by both the officers.

The tenders register is always kept in the Tender Box.

Tender above the estimated value of Z$20,000 will be opened in the presence of the tendering parties or their authrised represnetatives, if they wish to do so.

At the time of opening of tenders the information in regard to the price, delivery and other relevant details of each offer should be read out to the parties present.

NOTE The above stipulation or requirement is debatable and sometimes the practice is questioned on the basis that some tendering parties complain that the information provided them even in a competitive tender is confidential and only meant for the Purchasing Authorities whose verdict they are prepared to accept based upon on comparison with other parties.

Evaluation and Acceptance of Tenders

The tabulation (i.e. comparative information tendered by various parties) and evaluation of tenders will be the responsibility of the concerned staff of the Central Purchasing Authority. However the final approval for acceptance of a particular bid based on the above-mentioned evaluation and recommended will be decided by committees to be appointed and **chaired** as follows :

a) up to Z$100,000 - Deputy Director-General - Purchasing

b) over Z$100,000 and up to Z$1 Million-Director-General.

c) above Z$1 Million-Secretary, Ministry of National Supplies.

NOTE: 1. It is to be emphasized that composition of the Committees should be reasonable broad based covering members from Purchasing, Finance, Audit and From Using Departments as and when required.

2. Alternatively to the above mentioned committees to be composed nominated and chaired by levels designated according to financial limits shown, only one standing committee equivalent to the currently existing Central Tender Board can be appointed. This standing Tenders Board should be Chaired by Director General Central Purchasing Authority or in his absence as an alternate by Deputy Director General Purchasing.

PURCHASE ORDER SIGNATURE AUTHORITIES

Purchase order signatories level should not be confused with the acceptance/approval of bids/tenders, details of which have already been mentioned. However subject to the acceptance of tenders/bids by committees/levels already detailed the purchase orders may be authorized to be signed as follows :

For purchases up to Z$100 : No purchase order is necessary.

For purchase up to Z$500 : The dealing purchase officer.

For purchases up to Z$20 000 : Senior Purchase Officer.

For Purchase over Z$20 000 and up to Z$100,000 : Deputy Director General

For purchase over Z$100 000 : Director General

It is to be emphasized that purchase order signing is a legal and financial commitment based on the already approved/accepted bid as a result of tenders under the laid down procedure.

METHODS AND SYSTEMS

As shown in the suggested organization chart, it is strongly recommended that a separate section called Methods and Systems (or if so desired organization and Methods as is generally styled) be sanctioned and is created as soon as the proposed Central Purchasing Authority is set up.

This section should be headed by a senior official having reasonably good background and experience in procurement and supply work. As section head of this new section he should report to the Deputy Director General - Finance and Administration. The parameters and the Guidelines for the working of this section can be defined based upon the details and brief outline given in the guide attached to this report.

It is expected that in view of growing nature of the activities of the Central Purchasing Authority this section's continued activities will be needed for quite sometime to some. This requirement can be reviewed in a year or so. However it must be emphasized that the procedures to be written, developed and adopted should be simple to understand and easy to operate at all levels.

Just to introduce a style of procedure writing, a typical procedure written and developed under the Consultants' Guidance a number of years ago, is enclosed herewith just as an example. The sample procedure although covering an aspect of purchasing and supply work is only an illustration and not necessarily applicable in all its details in the prevailing and expected environments and ways of working in Zimbabwe.

Finally in this connection it is recommended that the senior officer appointed to head this section should be provided an opportunity to be attached to an existing organisation within or outside Zimbabwe for a short period, just to study their systems, methods and style of writing of procedures concerning kand covering purchasing and supply activities.

B. SUPPLY SERVICE SECTION

No. 5

SUBJECT	ACTION BY	PROCEDURE	LIMIT OF AUTHORITY
CARGO CLEARANCE			
1. Cargo arrival notice	O/C CPD (Branch Office	i. Instructs Sectional Head to record the information in a register.	
		i. Opens and serially numbers a follow-up file. Sends an immediate radio message to alert O/C Supply Service Section in Head Office.	
	O/C Supply Service (Head Office	ii. O/C Supply Service (Head Office) arranges to despatch shipping documents to commence customs clearance procedures of cargo if they have been received from foreigh suppliers.	
2. Selection of customs clearing agent	O/C CPD (Head Office) Branch Superintendent	i. Furnishes the list of Clearing Agents from which the Branch Office can utilize services.	
3. Checks for import licence and approved user scheme	Sectional Head	ii. Checks for validity of import licence and Approved User scheme (when applicable). Otherwise, requests the appropriate section in the Department to obtain in good time the licence or the Approved User scheme from Head Office.	

SUBJECT	ACTION BY	PROCEDURE	LIMIT OF AUTHORITY
4. Storage of Shipping documents	O/C CPD Branch Office	i. As soon as original documents are collected, O/C Section brings them to the notice of O/C CPD Branch Office for inspection.	
	Sectional Head	i. Sectional Head records the pertinent data in a special register for incoming shipping documents.	
		ii. Sectional Head makes photocopies for file records and gives the originals to confidential secretary of O/C CPD for safe keeping in a special cabinet before they are handed over to the Clearing Agent.	
5. Transmittal of	O/C CPD (Branch Office)	i. Checks that the following documents are available to the local clearing agent. a. Original shipping documents b. Original Insurance Cover Note c. Original Import Licence (when applicable) d. Original Approved User Scheme (when applicable) e. Indemnity Form duly approved by the shipper's representatives in Nigeria in the case of non-availability of original shipping documents.	

SUBJECT	ACTION BY	PROCEDURES	LIMIT OF AUTHORITY
		ii. With a covering letter, he sends these documents to a clearing agent. The duplicate of the letter must be receipted by them and kept in our office. ON NO ACCOUNT SHOULD SHIPPING DOCUMENTS BE POSTED BECAUSE OF ACCIDENTAL LOSSES THROUGH POSTAL SYSTEM.	
	O/C SECTION	iii. These documents MUST be carried by a designated officer of the Section and O/C CPD briefed through the duplicate of the transmital leter	
6. Payment of customs duty (when applicable)	O/C CPD (Branch Office)	i. Prior to arrival of vessel or aircraft, liaises with designated Clearing Agent for assessment of duty when passing the Customs Bill of Entry.	
		ii. Liaises with O/C Invoice Control for the preparation of payment voucher and User Department to obtain appropriate authorisation for expenditure which may be granted by O/C CPD, GM of Div. or MD depending on the value	Appropriate designated officer to approve expenditure as defined by Board guidelines
	Sectional Head	iii. Pursues insuance of cheque urgently with O/C of Invoice Control unit.	
		iv. Sends cheque to clearing agent for payment of duty. This procedure will also be followed if pre-payments are needed for services such as NPA charges, stevedoring expenses or rentals etc.	
7. Collection of Cargo	O/C of Section	i. Should send a representative of the Section to monitor the process of receipt of cargo.	

SUBJECT	ACTION BY	PROCEDURE	LIMIT OF AUTHORITY
		ii. Informs Stockyard Control Section to prepare Material Receipt Vouchers in respect of the cargo to be signed for by the User Department.	
8. Delivery report	O/C of Section Branch Superintendent	i. Prepares a short written delivery report to O/C CPD and Branch Superintendent in the appropriate file opened for the vessel.	
INVOICE CLEARANCE	Sectional Head	i. On receipt of invoice for any payments on LPO, Customs/NPA clearing charges, etc, checks on the correctness of the following: a. Genuiness of LPO b. Authorized signatory to LPO. c. Comparison of invoice value and LPO value d. Supplier's delivery note. e. Internal delivery to User Department.	
		ii. If invoice value and LPO value are different, ensures that statement of under-delivery is written in the relevant portion of LPO.	
		iii. If (d) and (e) show different quatities, verifies the discrepancy and reports to O/C CPD (Branch Office) for action and ultimate reconciliation.	
		iv. If all the entries are satisfactory, stamps both the invoice and LPO with Invoice Approval STamp.	
		v. Certifies the invoice and attach the relevant photocopy of the memo authorising expenditure for the transaction.	

SUBJECT	ACTION BY	PROCEDURE	LIMIT OF AUTHORITY
	O/C CPD Branch Office	vi. Confirms correctness of all entries and initials both the LPO and invoice.	
2. Approval of invoices	Branch Superintendent	vii. Approves invoice for payment if found satisfactory	
		viii. If authorisation is beyond the limit of authority of Branch Superintendent, refers invoice/payment voucher to appropriate higher authorities, but in this case he certifies.	
3. Recording invoices	Sectional Head	i. After invoices are properly approved for payment, makes photocopies for appropriate file.	Branch Superintendent Manager GM MD
4. Transmittal of invoice	Sectional Head	i. Carries by hand the invoice and other payment particulars to Finance & Accounts Division to be signed for at that end.	
5. Monitoring the issuance of cheques	Sectional Head	i. Monitors the issuance of cheque on a regular check at the Finance & Accounts function.	
		ii. Closes the remark column in LPO Journal of the particular invoice by recording the cheque particulars issued by Finance & Accounts Department. This can help the Department to forestall double payments.	

SUBJECT	ACTION BY	PROCEDURE	LIMIT OF AUTHORITY
	O/C of Section	iii. Furnishes O/C CPD and Branch Superintendent every two weeks on status of payments to third parties.	
6. Claims for losses damages etc.	O/C of Section	i. Receives report from Stockyard Control Section of losses, damages, short deliveries etc indicating total costs.	
	O/C CPD (Branch Office)	ii. Prepares a claims letter to O/C CPD (Head Office) furnishing all relevant data in Branch Office Insurance/Claims file.	
		iii. Institutes regular checks on payment of liabilities at NNPC Head Office.	
		iv. As soon as liabilities are paid, closes the matter in the file.	

TRAINING AND DEVELOPMENT

It is recommended that right from the beginning due emphasis should be placed on the training and development of all staff of the Central Purchasing Authority.

For this purposes it is recommended to consider to combine functionally the activities of the Methods and systems and Training and Development in one section headed by a Senior person, reporting directly to Deputy Director-General - Finance and Administratin, as shown in the suggested organization chart.

As for any other specialized function, Training and Development for the staff employed in the Central Purchasing Authority at all levels is required to be and should be a continuous affair.

Since most of the staff existing or to be employed/redeployed are not really conversant about the duties and responsibilities and functions required to be performed by them and are generally ignorant of the impact that can be caused for non-performance of the expected work e.g. non-availability of materials and follow up work etc. an effort - a continuous effort - has to be made to train the staff in batches - in all respects of the integrated nature of Purchasing and Supply activities.

The staff of Central Purchasing Authority must also learn to appreciate the financial aspects of money invested and held in the stores stock and the implied and direct costs involved in purchasing as well as inventory carrying costs as a regular and recurring expenditure. The staff must also learn to appreciate the possible savings expected and to be realized, and at the same time offer and give an economic service to the using departments to enable them to achieve their objectives.

Additional hardly any staff has the knowledge about the specifications, full descriptions, terminology of spare parts, accessories, etc. This working technical and general knowledge goes a long way in generating confidence and ability to tackle purchasing and allied problems and tremendously helps in evaluating and comparison of bids received as well as other services expected and provided in the chain of linked activities.

Therefore it is recommended that apart from arranging and providing training facilities for the materials systems, methods and techniques some courses on Materials and Equipment Information should be organized with the help of Engineering and other Technical Personnel. This would and should help the staff at various levels and in various functions of Purchasing and Supply to understand the commodities, their functioning and identification particularly in the stores. Additionally the staff would be more effective in the presentation and upkeep of different categories of items held in stores stock, apart from giving a good and effective service in issuing and despatching correct materials.

A detailed report entitled "STAFFING AND STAFF DEVELOPMENT of the Central Purchasing Authority in Zimbabwe" in the context of staff requirements of the Central Purchasing Authority - Ministry of National Supplies, has been prepared and is enclosed as a part of this general report.

Finally it is recommended for consideration that selected staff be attached for a period of three months to organizations which were established years ago and have been functioning on the envisaged lines of The Central Purchasing Authority. One such organization that straight away comes to mind is The Directorate General of Supplies and Disposals, Government of India New Delhi.

INFORMATION SYSTEMS

It is strongly recommended that once the Central Purchasing Authority is duly set up and starts functioning, a system of information gathering and submitting to the senior levels be properly initiated and introduced.

Naturally to start with the systems would be on manual basis. However in due course and along with other requirements of the Central Purchasing Authority and depending upon the costs involved the system can be computerized.

In the context of the functions of the Central Purchasing Authority the information system will basically cover

- the duly approved list of sources of supply commodity wise nationally and internationally
- the continous monitoring of the performance of various suppliers
- the number of Purchase orders placed, commodity wise, category wise and geographically
- comparison of prices paid commodity wise over a given period
- details of annual/standing purchase orders placed from time to time
- the standardization programme and adoption of standards
- inventory control investments in stores stock and issue/receipts for month value wise and total number of months stock held at any one time normally at the end of every month.
- Any other statistical and performance data required/desired by senior authorities
- financial information regarding budgetory and expenditure as required periodically so far as the purchasing and stock control activities are concerned.

For the time being and for quite some time to come the Management Information systems can be combined wiht the activities of the Methods and Systems group as a good portion of the activities in the Central Purchasing Authorities' functioning will be running paralle.

STANDARDIZATION

It is recommended that as an integral part of Central Purchasing Authority a Standardization committee be set up at the Headquarters of the Authority. The constitution of this standardization committee should be:

Chairman	:	Deputy Director-General-Purchasing
Members	:	Head Purchasing Planning
		Head Purchasing
		Director - CMED
		Controller - Government Central Stores
		Controller - Printing and Stationery
		Any other coopted member as and when required from using Departments.

The objective of this committee would be to consider and recommend for adoption, to User Departments/Ministries standards for various types of equipment, machinery, vehicles and accessories and items of genral use.

This committee would also recommend, through the Minister of National Supplies, to the appropriate authorities, the setting up of an Inter-Ministry Standing Committee on standards and specifications as well as at national level a ZIMBABWEAN STANDARDS INSTITUTE, if already not set up.

It is to be appreciated that the work, functions and activities of all these Standards Committees will be over-lapping to some/great extent. However, an effort has to be made, at every level, on one side to cut down the wastage involved in the profileration of the use of different types/specifications of materials for the smae objectives and on the other side to help develop indigenously and for import purposes nationally recommended and accepted items, thereby reducing costs of rpoduction and saving foreign exchange.

More details about "standards" and adoption and advantages of standardization are given in the GUIDE on the organization and functions of the Central Purchasing Authority enclosed as a part of this report.

VALUE ANALYSIS

It is recommended that along with the exercise of fixing up standards and standardization as alos the requirement and necessity for indigenous development of items particularly those hitherto imported, an effort should be made to introduce,what is currently come to be known as "VALUE ANALYSIS".

The aim of this activity is to concentrate study on the possibility of meeting end-users of products and requirements more economically and effectively. It has been brought out by the fact that so often what is paid for in the product does not contribute proportionately to the achievement of the end result. Or alternatively the product is "over qualified" for the end use.

This activity involves the close examination of the end use of the product to see if it is really needed at all, if the need for it could be eliminated by a change in the design of another item used in association with it, or if it could be made of different material to lower the cost of manufacture. Very many examples of spectacular savings from such analysis can be found in small and large purchasing and supply operations.

While this activity involves very close coordinationand collaboration with operationg andttechnical staff it is now generally accepted as an essential and productive part of Purchasing and Supply Management function.

A reasonable application of the value analysis techniques can be exercised within the functioning of the Central Purchasing Authority themselves e.g. replacement of very elaborate packaging requirements by comapratively simpler packaging so long as the materials are adequately covered to avoid damage and pilferage.

INVENTORY CONTROL
(STOCK CONTROL)

During this short period it has not been possible to study in detail the system and methods employed for controlling the items held in stores stock and for forward precasting and replenishments of items on the basis of consumption and other factcrs. It is however felt that the system employed is rather elementary and that some more effort has to be put in to streamline and update the methods and systems in this respect..

It is therefore recommended that a separate inventory control (or stock control) section should be instituted, in every stores complex under the overall control of the Central Pruchasing Authority bur reporting direct to the stores Controller of the compex concerned. This section shuuld not be confused with the stock records and accounts which works in parallel and has a separate yet complimentary function. (Please refer to a separate recommendation on this subject).

If required these two sections can report to the same person since quite a lot of their information, statistics, etc. are common. This inventory control section in a stores complex headed by a senior experienced person takes over the responsibility for

a) the replenishment of the items normally kept as stores stock
b) the initiation of new items required to be kept asregular stores stock items.

Periodically a review has to be made anddecision taken to prepare and update a list of all items to be termed as regular stock items. This review of items and preparation of list naturally has to be done in close coordination and collaboration with using departments category and item. Opportunity is also taken at this stage of review to declare surplus and dead stock items which do not require to be kept any longer as stores stock items either because of obsolescence or because of non-usage for any other reason. The list of items to be kept in stores stock are normally in the following categories:

- Programme Materials
- Spare parts and accessories required for the operation and maintenance of various types of equipment, machinery, transportation units, etc.

- General materials; which further can be sub-categorised as
  - Hospital and medical requirements
  - Household items
  - Stationery and Office requirements
  - Food items
  - Packaging material
  - Fuel (Oils, greases and lubricants).

Note : CAPITAL EXPENDITURE items of machinery, equipment, vehicles, etc. would of course not be covered under the heading of stores stock items as these types of requirements are purchased against a capital budget duly sanctioned and approved.

Programme Materials

This category of materials is defined as items required and to be used for carrying out a particular job at a particular time to reach an objective, timing for which has already and strictly been laid donw in advance. This category generally covers chemicals, farm tools, fertilizers, pesticides, printing inks and other materials.

Spare Parts

These are items required for theooperation and maintenance of various types of equipment, machinery, transportation units, etc. held separately item by item but covering a particular type/model/manufacturer.

Further spare parts and accessories can be sub-divided into categories ander ELECTRICITY, INSTRUMENTATION, ELECTRONICS, etc. All these spare parts are naturally kept in stores stock in close collaboration and coordination with Central Garages, maintenance engineers and technical personnel.

General Materials

This overall category of materials covers a vast variety of materials of general and common use and continous review is required to be organized to introduce a new item or delete from the existing list because of anticipated future requirements or non-usage.

Methods/Systems of Inventory Control

While the fixing of Masimum, Minimum and re-order levels for the replenishment of stores item can be considered adequate in the case of a number of items the system

requires to be modified for the programme materials, items of high value and importance. For this purpose additional consideration has to be given for the following factors :

- inventory carrying costs i.e. the cost involved in the investment of money for prolonged periods at the same time ensuring availability as and when required.

- ordering costs i.e. the cost of placing a purchase order - sometimes repetitive purchase orders

- lead time or total time involved from thettime of taking decision for replenishment and the time of receipt of stores. This particularly applies to imported items which require longer lead times during which the operations and maintenance requirements should be well covered.

In addition the modern system of reviewing items based on annual consumption in value and broken into HIGH, MEDIUM and LOW VALUES can be introduced. This in short will mean and ensure that items of low value are reviewed at less intervals sometimes six monthly or even annually and replenishments ordered liberally for a longer period of anticipated consumption whereas the items of high value consumption are reviewed more frequently - sometimes every month or more often if required and replenishment/ordering action taken in very close and continued coordination with user departments and final decision taken at comparatively senior levels

Financing of Inventory (Stock) Control

It is not fully understood as to who and from where the overall sanction for the investment for the holding of stores stock items emanates.

If there is no separate budget for investment for stores stock at present it is recommended that investment sanction be obtained for every stores complex separately.

This sanction is only towards the investment of money in stores stock and not an expenditure. In the normal manner every user department gets their own Budgetary Expenditure both Revenue and Capital. Within these sanctioned budgets the the user departments initiate necessary requisitions to the Central Purchasing Authority to draw materials from the stores stock or to be purchased on their behalf. Expenditure incurred for pruchasing and for withdrawal of materials from store complexes are naturally debited/charged to the user departments against their own sanctioned budgets duly controlled by themselves.

In essence and for all purposes this financing of stocks on various stores

complexes is a part of the WORKING CAPITAL invested and utilized centrally for the anticipated requirements (and expenditure) of various using departments/ministries duly budgeted and approved of.

In this connection it is debatable whether or not a service charge be levied in addition to the actual cost of acquisition for all stores stock items regularly kept-sometimes for quite long periods - and issued to user departments/ ministries as and when required by them.

STOCK RECORDS AND ACCOUNTS

Generally it is believed and accepted that in any supply function holding and organizing Central Stores Complexes, the quantiy records are required to be kept in the Stores Complex and the value records in the relevant accounts Department.

In the modern context and more particularly when electronic data processing systems are being introduced it is being accepted that for stores stock items (i.e. items regularly kept and replenished as stores stock items) both the quantity and value records are kept under the jurisdiction of the Controller of the Stores Complex but not in the physical stores. At the same time the accounts department does maintain an overall accounting and reconciliation function together with its duty to periodically report on balance sheets for budgeted and actual expenditure on materials used.

It is recommended that a new section called Stock RECORDS AND ACCOUNTS under the Controller Central Stores Complex, be created: Broad oulines of the duties to be performed by this section and the system to be followed are elaborated in the following paragraphs.

There are two main categories of materials normally purchased by Central Purchasing Authority.

1. Direct Charge Materials : This category of materials including Capital Budget items are purchased at the specific request of the User Departments; to be purchased and immediately upon receipt to be handed over to the Department concerned. These items are therefore not to be kept as stores stock items or considered as such.

   Upon receipt and inspection of these items in the RECEIVING SECTION of THE STORES COMPLEX they are handed over to the Department concerned, necessary receipt note/voucher prepared and duly signed by the Department concerned certifying that the item/material has been properly received; this receipt

voucher is now forwarded to the Finance/Accounts Department who will then charge/debit the department concerned, the total amount paid for the acquisition of the particular item.

If at all cards for these types of materials, item by itme are required/ considered to be maintained these should be kept entirely separately and not confused with the cards for category of materials maintained as stores stock items.

Even if the individual cards are considered/required to be maintained it is quite obvious that there will be only two transactions recorded on each i.e. quantity and value at the time of receipt in the Receiving Section and "quantity and value at the time of handing over to the department concerned once again in the Receiving Section :

The balance for quantity and value is tehrefore immediately NIL and this card may perhaps be never used.

This transaction should not be confused as issue from the Stores stock as this is not an issue from the Stores Stock.

STORES STOCK MATERIALS

This category of materials covering each and every item separately, is kept regularly in the Materials Stores Stock to cover requirements of using departments as anticipated and sometimes unanticipated.

This category of materials is subject to the inventory control systems and techniques and every item is regularly reviewed and replenishipment action taken directly by the Inventory Control sections of Central Stores Complexes, where required, in co-ordination with the User Departments. These items duly purchased, are received in the RECEIVING SECTION, (a part of the overall Stores Complex) and after normal receiving and inspection actions, are immediately handed over to the respective STORAGE SECTIONS (also a part of the OVERALL STORES COMPLEX) and NOT repeat NOT to the Departments concerned, at this stage.

These items are now in the custody of the respective Storage Sections who keep them item by item in their respective bins/ shelves/racks etc. maintaining and updating a BIN CARD for every item.

These items are nowawaiting in the storage section to be issued in future as and when required by the Using Departments.

It is for this category of items that stock Records and Accounts are to be maintained.

These records are normally maintained manually, having a Stock Card separately for each and every item showing:

- CODE NUMBER IF ANY
- Category of materials (e.g. Programme Materials, Spare parts for Tractor Type/Mode, FOOD STOCKS, Fuel lubricants stocks etc. etc.)
- Full description of materials, showing specifications part No. etc.
- Unit
- Quantity issued/received under separate columns
- Value of each transaction (issue/receipt)
- UNIT PRICE (AVERAGE UNIT PRICE CALCULATED AT TIME OR RECEIPT ONLY)
- BALANCE (QUANTITY AND VALUE)

ACTIONS REQUIRED TO BE TAKEN BY STOCK RECORDS AND ACCOUNTS RECEIPTS

Upon receipt of a document generally called GOODS RECEIPT NOTE, quoting the Purchase order (copy of which has already been received or should have been received) each and every item shown on the GOODS RECEIVED NOTE, is compared with existing Stock CARD and if a Stock Card does not exist, a new Card is prepared. Immediately thereafter each and every item is posted on the respective Stock C Card for quantity received and corresponding value (calculated quantiy multiplied by unit price paid as shown on the Purchase order). After having calculated the total quantity (now balanced after receipt) and total value, a new average unit price iscalculated by dividing the total value by total quantity. These goods Receipt Vouchers, duly certified as having been posted on stock Cards are forwarded to Accounts Department.

ISSUES

As and when issues are affected from the respective STORAGE UNITS (NOT RECEIVING SECTION) of the OVERALL STORES COMPLEX based upon STORES ISSUE VOUCHERS, these Stores Issue Vouchers, batch by batch, category by category, are forwarded to STOCK RECORDS and Accounts Section every single day. There should be no excuse for the delay insending these vouchers to Stock Records and Accounts daily from Storage Sections. Upon receipt of these Stores Issue Vouchers in Stock Records and Accounts Section they are again checked for overall category of materials etc. and immediately batch by batch are handed over to respective clerks for posting action. The clerk maintaining that particular category (or categories) of materials posts the date issued, quantity issued, the value "issued" (by multiplying the quantity issued by AVERAGE UNIT PRICE already calculated and annoted on the card), calculating the fresh balances, both of quantity and total value.

These Stores Issue Vouchers, at this stage stamped and certified as having been posted on Stock Cards for quantity and value are forwarded to Accounts Department, every single day, batch by batch.

ACTION IN THE ACCOUNTS DEPARTMENT

In the Accounts Department there are no individual stock cards item by item. Instead in the Accounts system a Card or ledger of accounts is maintained for each CATEGORY OF MATERIALS.

e.g. PROGRAMME MATERIALS
SPARE PARTS
FOOD STOCKS
FUELS AND LUBRICANTS ETC. ETC.

upon receipt of documents (Goods Receipt Vouchers, Stores Issue Vouchers) batch by batch every day from Stock Records and Accounts the Accounts Department once again checks the Category of Materials for each and every voucher and makes sure that the batching is correct. Immediately thereafter the total value on the voucher (not individual value of each and every item) is debited/credited as shown below:

Upon receipt of documents (Goods Receipt Vouchers, Stores Issue Vouchers batch by batch every day from Stock Records and Accounts the Accounts Department once again checks the Category of Materials for each and every voucher and makes sure that the batching is correct. Immediately thereafter the total value on the voucher (not individual value of each and every item) is debited/credited as shown below :-

GOODS RECEIPT VOUCHERS

Total value on the voucher for that category

- is debited to the Stores Stock account of that category
- is credited to the suspense A/C when cash was paid for that purchase and a fresh balance (total for the category - value only) is calculated and shown on the category card/ledger.

STORES ISSUES VOUCHERS

The total value on the vouchers for that category

- is credited to the Stores Stock account
- is debited/charged to the expenditure budget of the department/operation concerned

and a fresh balance (total for the category) is calculated and shown in the category card/ledger.

ACTION/RECONCILIATION EVERY MONTH
- STOCK RECORDS AND ACCOUNTS SECTION

At the end ofevery month Stock Records and Accounts Section, totals up for every category separately all transactions ofvalue received individually on each and every card of that category for that month. Similarly all transactions of value issued individually on each and every card of that category of material are totalled up. Finally a new total fresh balance as at the end of that particular month is calculated based upon :-

- previous opening balance at the beginning of the month
- total receipts during the month as explained above
- total issues during the month as explained above.

The above balances are now recorded on a control card for that particular category of material. The control card shows the total number ofstock cards held behind that control card in that category. Some sort of numbering system for the control card and the Stock cards held hehind that control card can be organized.

A specimen reconciliation sheet between Stock Records and Accounts and Finance Accounts Department at one Enterprises is shown on the next page.

- ACTION IN THE ACCOUNTS DEPARTMENT

Upon receipt of this monthly closing account, category by category from the Stock Records and Accounts Section, the Finance/Accounts Department reconciled it with their own totals and balances as recorded on their own Ledger/Cards Category by category which have been brouhgt up to date after having posted and recorded batch by batch, day by day. Any discrepancies discovered can be investigated by references to all issues and receipt documents copies of which are available both in the Stock Records and Accounts section and the Finance/ Accounts Department.

- On the side, Accounts Department cannnow prepare the monthly expenditure balances, - department by department, so far as the expenditure on materials are concerned since all the information on expenditure (issues) on materials, category by category hasbeen made available to them for that particular month.

- Only for statistical purposes and for knowledge of higher Authorities, the information about the overall transactions month by month, showing also the total amounts covering materials stocks at the end of each and every month, can be transmitted by the Stock Records and Accounts of the Central Stores Complexes to the Management information/statistical services at the H.Q. of Central Purchasing Authority, of course through the Controller of the Stores Complex concerned.

- The Finance and Accounts Department in their own way and in their systems will have the facility to report to their own senior levels the expenditure as against budgetary sanctions month by month.

MINISTRY OF NATIONAL SUPPLIES CENTRAL PRUCHASING AUTHORITY

STORED STOCK STATEMENT AT CENTRAL STORES FOR THE MONTH OF .....

PARTICULARS	PROGRAMME MATERIALS A/C 6200 Stock A/C1	SPARE PARTS A/C 6201 Stock A/C2	CONSTRUCTION MATERIALS A/C 6203 Stock A/C3	FOOD STOCK A/C 6204 Stock A/C 4	FUEL & LUBRICANTS STOCK A/C 6205 Stock A/C5	TOTAL GENERAL Stock A/C A/C 6206
1. OPENING BALANCE AS AT						
2. RECEIPTS						
Imports						
Local Purchase						
Materials Returned To Stock						
Price Differences						
Stock Check Diff						
Internal Transfers						
TOTAL RECEIPTS						
3. TOTAL ( )						
4. CONSUMPTION						
Issues						
Stock Chedk diff						
Disposal/Transfer/						
Sale						
Write-offs						
Price diff						
5. CLOSING STOCK (3-4) AS AT						

CENTRAL STORES COMPLEXES

SUB - STORES

The only recommendation that can be made at this stage is that considering the expected expanding activities of the Central Purchasing Authority we must envisage the requirements of stores complexes on a long range basis, keeping in view the increased requirement of materials and equipments which will be purchased, delivered inspected and stored in Central Stores Complexes. All these expected vast numbers and varieties of itmms will have to be provided with adequate and safe storage space, either in theeexisting Central Stores Complexes or perhaps some new ones to be established.

In course of time if expenditure can be sanctioned provision should be made for steel flexible shelving in all stores, even if this is organized in phases. Additionally as it getting to be common practice more than one floor under the same covered space are being provided and utilized.

SUB STORES

To provide an adequate and economic service to outlying places, consideration should be given for the setting up of SUB-STORES as service points to users, so to say at their door step, thereby economising on transport and delivery expenses. Of course the type and variety of items to be kept ready for issue and delivery at these Sub-Stores can be determined based on the volume and continous/regular usage. Financially and accounting wise the Sub-Stores can be organized on "imprest" basis thereby fixing the levels for items to be stored and replenishment immediately after can item is issued out of the Sub-Stores.

STOCK CHECK

It is recommended that as and when the Central Purchasing Authority is set up and takes up the functioning and control of all activities as discussed in this report, a stock check section directly under Deputy Director General oeprations is set up.

This stock Check section composed of duly experienced staff should not be confused with the Audit Checks requirement as set up presently or modified from time to time under the usual government policy and guidelines.

The duties and functions of the stock check section is to introduce a perpetual inventory checking system covering all stock items held in any/all stores complexes under the overall jurisdiction of the Central Purchasing Authority.

It is recommended that instead of the yearly physical check of all items at one time a perpetual system of inventory or stock be introduced. This will mean spreading out the stock check activity over the whole year according to a schedule, separately for each stores complex/sub-store.

This schedule of stock check ensures that

a) every single item held in stores stock is checked at least once a year but not necessarily at the end of the year or at the beginning of the year

b) programme materials and high value items are checked once in every three months

c) the attractive and easily pilferable items are checked even every mont.

In addition of physical verification, at the time of the stock check opportunity is also utilized to report on :

a) condition of the items of materials being checked
b) storage, lay out, stacking systems and layout.

This perpetual stock check is carried out by a special team members of whom are independent of the stores complex staff and generally report to a senior level.

In the final analysis the necessity of this independent and perpetual stock check is justified by ensuring :

a) that from investment point of view the items of materials are available as reflected on the stock records

b) that for inventory control purposes the items of materials are available for issue to using departments to carry out their legitimate duties.

The specimen of

- thestock check card
- the stock check adjustment sheet

have been shown as a part of the guide enclosed with this report.

MOVABLES

Movables are property items, as capital assets, not confined to a particular location which retain their utility for service over a considerable length of time and for which the nature and manner of use make it advisable to install a system of record and history during their serviceable life.

Excluded from this definition of movables are : -

- Fixed Assets which as the name implies are fixed at a particular place of operations.

  Examples : Buildings, land Sites, Machinery of various types fixed at a particular place of work etc. and/or part of a complete plant.

- Small tools and similar articles of minor importance and value like small value items of office stationery etc. etc.

  Examples of movables are motor cars, trucks, tractors, and other agricultural machinery, mobile pumps and electrical motors, generator, office furniture, office machines, cameras etc. etc.

It is recommended that a separate movables section be created under and as a part of Stores Complexes and sub-stores under them. The functions of the movable section would be to :

- maintain a complete inventory of all movables
- maintain a history of each movable item
- maintain an up-to-date record of the physical location of each movable item
- carry out physical checks of all movables at least once a year, but checking would be spread out according to schedule for the whole year.
- ensure that all items kept in the movables store are in good operating condition. For this naturally the cooperation of the Technical personnel and Garage Engineers would be very desirable and necessary.

A suitable simple History Card showing the basic acquisition value of the movable item and full description type/model etc. together with colums for movements in and out of the movalble stores should be designed and all such cards covering every single movable item should be kept safely in a Kardex Type of a cabinet.

It must be emphasized that movable records in the movable section under a Central Stores Complex should not be confused with the Finance Department Asset Register or Asset documentation which are their own records for depreciation and other financial statements.

It goes without saying that between the Finance and Central Stores Complexes periodic reconciliation of records of these movables (not financial value) is required.

Periodically : - generally quarterly - the Central Stores Complexes must produce a list of movables lying with each using department as well as the stores complex and submit to the Central Purchasing Authority.

DISPOSALS

It is recommended that when duly set up and functioning Central Purchasing Authority should take over the responsibility for the disposal of all Government property in the form of equipment, machinery, vehicles of all types and nature, surplus and obsolete items of spare parts, accessories general materials, etc.

The basis responsibility must rest upon the user/holding departments to declare the items held as obsolete, surplus, dead stock and hence no longer required. They should also be responsible to financially write off the assets and other items.

The items for disposal generally cover

a) all equipment and machinery including vehicles duly written off
b) all surplus and dead stock and other items held in stores, duly written off
c) all project materials duly written off, declared surplus and no longer required for a completed project
d) all scrap and/or similar types of materials emanating from production and other workshops etc.
e) any other items duly written off by user departments/ministries concerned and handed over to Central Purchasing Authority for disposal.

As soon as the duly approved write off action has been completed the item concerned should be handed over to the nearest stores complex/sub stores together with neeessary write off documents as authority.

In every stores complex/sub stores provision should be made for covered as well as open storage space to accommodate such written off items.

The Central Purchasing Authority on receipt of necessary documentation will initiate disposal action by inviting open presstenders giving full details of items offered for disposal and indicate the place where items are held for inspection if required.

Final approval for the acceptance of sisposal bids based upon the evaluation carried out in the appropriate section of the Central Purchasing Authority will be given by a duly nominated/constituted committee chaired by Director-General or assenior Deputy Director General nominated by him.

Conditions regarding Tender Boxes and opening of tenders will be the same as detailed under purchasing methods.

RECOMMENDATIONS

GENERAL

1. It is strongly recommended that as soon as the final approval to form a CENTRAL PURCHASING AUTHORITY under the Ministry of National Supplies is granted by the appropriate authorities a nucleus of a team is selected and appointed to formulate the details of the setting up the required broad outlines of the functioning of the Authority. In this context the recommendations given in this report and the ORGANIZATION/FUNCTIONS as enunciated in the GUIDE attached to this report can be helpful.

   The members of the team suggested above should be experienced and reasonably senior persons from existing staff of the Ministry of National Supplies and overall should be convinced themselves about the necessity and desirability of having an authority like the Central Purchasing Authority. From this nucleus the formation can be expanded and functional responsibilities alloted and delegated.

2. It is strongly recommended that as a part of the duties/function of the Methods and Systems section, recommended earlier in the report, Position Descriptions for each and every position in the envisaged Central Purchasing Authority should be written and approved by appropriate levels of Authority.

   Beyond a stipulated level the position Descriptions should be approved by the Honourable Minister of the Secretary of the Ministry.
   A specimen position Description developed and written by the consultant a long number of years ago is shown/enclosed on the following pages :

   This Position Description shows :-

   - Relationship upwards i.e. reporting to whom
   - Relationship downwards i.e. controlling whom
   - Relationship laterally i.e. coordinating with user departments and other concerned authorities.

- Functions/responsibilities/duties
- Brief duties of sections/functions controlled
- Additional responsibilities
- Financial authorities
- Administrative authorities, etc.

The specimen Position Description is only an illustration as a style and will require to be modified/adapted according to the position, level and in conformity with other Government positions.

3. It is strongly recommended that consideration be given for the proper selection, fixing the adequate levels and motivating the staff required for the overall functioning of the Central Purchasing Authority in view of the extensive transactions and vast amounts of money tied up in the items of stores a various places.

4. It is strongly recommended to expeditiously start up a training scheme to cover Central Purchasing Authority staff at various levels, to teach them the general concepts and new methods and system and make them conscious of the monetary values involved in their day to day work.

   In this context, as already recommended under Training and Development earlier in this report, and at the cost of repetition it is perhaps advisable to select a few senior officials and attach them turn by turn for short period to an existing similar organization e.g. The Directorate General of Supplies and Disposals, Government of India, New Delhi.

   This should help the officials concerned to gain first hand knowledge and share the experience of purchasing and supply functioning in somewhat similar environments and requirements

POSITION DESCRIPTION

Materials Manager

TITLE

FUNCTIONS

To ensure that the functions and responsibilities of the Materials Department are maintained.

To recommend forking methods and set out basic principles of a sound materials administration in uniformity with suggestions/recommendations from Technical Advisers.

To act as an adviser to Management for Import Licensing Procedures, Materials Procurement and Inventory Control requirements.

RELATIONSHIP

Managing Director

Reports directly to the Managing Director.

Department Heads

Consults and co-operates with them on matters of mutual interest and keeps himself informed of the programmed materials requirements. Provides them with the necessary advice, statistics and information on import licensing procedures, materials stocks, orders placed and all matters within his function.

Materials Department

Directly supervises the Deputy Materials Manager and other immediate subordinates.

Outside Contacts.

Maintains a close liaison within his function with representatives of Burmah-Shell Oil Storage & Distributing Co., of India Ltd. Wherever possible, keeps in touch with Materials and Purchasing Representatives of other Oil Refineries and Commercial firms. Makes contact with Customs Officials, Import Control Authorities and other officials of concerned Government Departments on matters connected with the import and procurement of materials and equpment.

Organization — RESPONSIBILITIES

Is fully responsible to Managing Director for all actions taken by all sections of the Materials Organisation in indenting on Central Purchasing Offices, foreign purchasing, local purchasing, receiving, storing and issuing of materials, and for the maintenance of the overall stock level in accordance with operational requirements and the Company's materials policy.

Directs the activities of Materials Department for which he is accountable to the Managing Director, according to the following:-

1) Materials Policies and Procedures

a) Decides whether to recommend to Managing Director the introduction of new procurement policies keeping in view Company's requirements of materials and equipment.

b) Decides the operating procedures for the Materials function within the overall policy of the Company.

c) Keeps abreast of the general recommendations received from the Technical Advisers and arranges the application of recommended procedures after taking into consideration the local factors. Where necessary, keeps the Managing Director informaed of any chages in these procedures.

d) Arranges to procure materials in advance of the time they will be needed so as to avoid any delay or stoppage of operations.

e) Avoids accumulation of excessive stocks by ensuring that ordering of materials is on basis which fully takes into account existing stocks, pending orders, past consumption and the estimated future requirements.

f) Ensures that the requirements of materials are always calculated and programmed in accordance with Managements plans and policies.

g) Maintains adequate recores which will provide a complete picture (quantitative and financial) of the entire stock and order positions of all items and transactions thereof. Ensures that these records are regularly reconciled with Accounts Department figures.

h) Interprets and enforces the IMport Licensing regulations and procedures for the import of all materials and equipment required for the Refinery.

i) Ensures that all Governmental requirements and Customs laws relating to the receipt of materials are observed.

j) In close collaboration with the Operating Departments, initiates vigorous action for the development of indigenous materials for the Refinery requirements.

k) Ensures that material is checked accurately on receipt and that any shortages, breakages, or other discrepancies are recorded and submitted as a properly prepared claim with adequate supporting evidence.

l) Ensures that stocks are stored in such a manner as to prevent loss from waste, pilferage, confusion or deterioration.

m) Endeavours to prevent the accumulation of excess and dead stock of materials.

n) Ensures that a regular and systematic programme of stock checking is maintained.

o) In co-operation with the Engineering Department - Workshops, specifies which items or groups of material are to be reconditioned and indicates the sequence in which reconditioning is to be carried out.

p) Provides such reports and statistics as may be required by the Management and other Departments in connection with the administration or usage of material.

q) In close collaboration with the using departments, arranges for the adoption of Company Selected Standards, as far as possible, within the frame work of the Shell Group Materials and Equipment Standards and Codes (M.E.S.C.)

r) Ensures that Materials administration costs, use of facilities and manpower are kept at an economic minimum level consistent with the efficiency of the Department.

s) Ensures the speedy disposal, in the most advantageous manner, of the following, keeping in view Company interests including reciprocity considerations:

(a) All scrap originating in the Refinery.

(b) All materials and equipment no longer required and duly written-off.

Section Activities.

a) Procurement : Directs and delegates optimum responsibility and authority to the Deputy Materials Manager in the administration of :-

i) Maintenance of adequate stocks of M.R.O. (Maintenance, Repair and Operations) materials normally kept in the Materials Warehouse & Yards.

ii) Purchasing of duly authorised materials as per laid down policy and procedures.

iii) Materials and Equipment Standards Code (M.E.S.C.) and Company Selected Standards (C.S.S.)

iv) Preparation of Indents placed on Central Purchasing Offices, Purchase orders placed on foreign suppliers and Purchase Orders processed in the local market.

v) Development of indigenous materials which can be used in the Refinery in lieu of the types imported.

vi) Maintenance of adequate records for stocks held and transactions connected therewith.

vii) Working out excess stock/construction surplus materials.

viii) Co-ordination for programme materials and for future projects.

ix) Preparation and submission to the Government Authorities of all Statistics required by them. This includes the foreign exchange requirements and the lists of imprted materials and equipment to be cleared by the Development Wing from indigenous angle.

b) Import Licensing, Customs and Shipping, and General Administration Directs and delegates optimum responsibility and authority in the administration of :

i) The preparation, submission and receipt of all Import Licences.

ii) Receipt of shipments from abroad and clearance through Customs of all materials received for the Refinery.

iii) Preparation of the Statistical Graphs and other reports to be submitted to Management kand to Technical Advisers.

iv) Collection from procurement Section of the total stock values held and reconciling these with the Accounts Department.

v) Checking and paymant of all Invoices received in connection with the functions of Materials Department.

Organisation RESPONSIBILITIES

vi) Planning and procedures of the Materials Department function.

vii) Secretarial duties for the materials Department.

viii) Physical care and accounting of all assets including "Movables" items held by the Materials Department in the office.

c) Warehouse and Yards : Directs and delegates optimum responsibility and authority in the administration of :

i) Receiving, storage and issue of all materials whether received from aborad or local sources.

ii) Physical care including preservation of all stocks held and adequate security arrangements thereof.

iii) Physical disposal of all scrap and other materials no longer required in the Refinery.

iv) Industrial Safety of the departmental employees working in the field and holding od departmental safety meetings.

v) Physical care and accounting of all assets including "Movables" items held by the Materials Department in the field.

3) Additional Responsibilities

General

i) Controls the Departmental Operating Budget .

ii) Acts as a member of the Management Safety Committee and an alternate member of the Works Committee.

PERSONNEL

iii) Ensure that the establishment of Senior, Junior Staff and Labour within his Department are kept at the minimum consistent with efficient operation.

iv) Plans training and career development for staff members of Materials Department.

v)
Organization. (Contd.) RESPONSIBILITIES(Contd.)

v) Prepares annual staff reports on all staff members under his control and discusses them as necessary with the persons concerned.

vi) Is responsible for the welfare and morale of his department's staff and labour and at his discretion making representations on their behalf.

vii) Prepares and controls leave programmes for staff under his control.

viii) Initiates, in consultation with Personnel Manger and, in the case of Supervisory Staff, the Managing Director, proposals to increase, decrease and fill vacancies in the establishment of Materials Department.

Financial AUTHORITIES

i) Full authority to sign Local Purchase Orders for material within approved Company policy.

ii) Authority to sign contracts pertaining to work for his department.

iii) Full authority to approve all routine departmental payment orders without limit.

iv) Full authority to write-off materials, other than Movables, upto and including Rs.3,000/- adjustment on any one item.

v) Full authority to sell written-off materials in accordance with approved Company policy.

Personnel :

Clerical Staff and Laobur

Full authority to ensure that disciplinary action is administered in line with Company policy.

Signatures

i) Authority to sign all letters and Cables on matters falling under his responsibility except where policy matters are concerned in which case he consults the Managing Director.

ii) Authority to sign for issue of all materials, equipment and stationery for his department.

iii) Full authority to place and sign Indents/Purchase Orders for stock, duly approved capital expenditure and direct charge materials.

iv) Authority to sign personnel and material transport requests for his department.

v) Full authority to sign gate passes for materials pertaining to Materials Department work.

vi) Authorized to sign all cheques on behalf of the Company as an "A" Signatory.